

Kentucky Transportation Cabinet
Goal Setting Methodology
Federal Fiscal Year (FY) 2010

(A). Overall Goal for DBE Participation

As outlined in 49 CFR Part 26, Section 26.45 of the Disadvantaged Business Enterprise (DBE) regulations, the Kentucky Transportation Cabinet (Cabinet) has employed several techniques to comply with the goal-setting provisions in order to engage the participation of DBEs in the state assisted contracting program. The Cabinet expects to meet the 7.0 percent overall goal in obtaining 2.00 percent from race neutral means and 5.00 percent participation through race conscious means.

(B). Step One:

**Base Figure for the Relative Availability of
Disadvantaged Business Enterprises (DBE)**

The baseline figure is determined by calculating the number of Kentucky DBE firms who have expressed their readiness, willingness and ability to perform work on federally-assisted projects in the state. “Ready, willing and able,” as referenced in 49 CFR 26.45, is considered by the Kentucky Transportation Cabinet (KYTC) to be certified DBE firms and who have been pre-qualified to perform work as contractors or consultants. The baseline is established by dividing the number of pre-qualified and certified DBE firms by the total number of firms that are pre-qualified.

The KYTC has determined the number of “ready, willing and able” firms by using the list of pre-qualified professional service firms and highway construction contractors and subcontractors. All such firms must be determined to be financially qualified and have professional experience to do business with the state before submitting bids on any project issued by KYTC in accordance with KRS Section 176.140 and its regulations.

Considering the three categories of contracts (Construction, Professional Services and Right of Way/Utilities), the formula becomes:

$$\frac{\text{DBE contractors and subcontractors} + \text{DBE consultants} + \text{DBE appraisers}}{\text{All contractors and subcontractors} + \text{All consultants} + \text{All appraisers}} = \text{Base figure}$$

The resulting calculation is as follows:

$$\begin{aligned} \text{Step One figure} &= \frac{\text{Number of pre-qualified and certified DBE firms}}{\text{Number of all pre-qualified firms}} \\ \frac{49 + 24 + 2}{493 + 161 + 96} &= \frac{75}{750} = \mathbf{10 \% \text{ Base Figure}} \end{aligned}$$

Step Two: Adjustment to Base Figure

As outlined in 49 CFR Part 26, Section 26.45, once the baseline figure is calculated, it is necessary to examine the available evidence in the local market to determine what adjustment, if any, is needed. This is done to ensure that the goal accurately reflects the level of participation the Cabinet would expect from certified DBEs if discrimination were not a factor. Thus, the Cabinet has explored other avenues, aside from the calculated base figure from Step One, which may affect DBE performance such as past participation and achievement of set goals, capacity limits, and the impact of other factors, all of which may narrow the scope of the DBE program.

The Cabinet recognizes that not all firms seeking certification have a desire or intent to do business with it. That is demonstrated by the percentage of firms certified that did not participate during FY 2008. The Cabinet continued its commitment to find ways to increase DBE working capacity in order to establish contract goals on federally funded projects. The Office for Civil Rights and Small Business Development had staff review the 62 pre-qualified DBEs, and based on completing a phone survey determined that 51 DBEs participated in the program. Note that participation is not limited solely to

submitting a quote/bid and “winning” the bid, but it also includes the action of quoting/bidding, as it reflects a DBEs’ willingness to become active in the program.

The calculations to adjust the Step One base figure are as follows:

1. Number of pre-qualified and certified DBE firms who *do* not participate
Number of all pre-qualified DBE firms

$$22/75 = .29 = 29\%$$

2. Multiply the base figure by the percentage of DBEs not involved in the program (derived from calculation #1 above). This product represents the percentage of non-active DBEs that were included in the Step One base figure.

$$10\% \times .29 = 2.9\%$$

3. Subtract the percentage of non-active DBEs (2.9%) in calculation #2 above from the Step One base figure (10%). This reduces the initial Step One base figure to reflect an attainable goal.

$$10\% - 2.9\% = 7.1\%$$

The KYTC will maintain an overall DBE goal of 7.0 percent for FY 2010, with a race conscious portion at 5.0 percent and race neutral at 2.0 percent. KYTC has identified several areas of program improvement plans within this report and will make every effort to meet and exceed the 7.0 percent goal for FY 2010.

Overview

Step One. Determining a Base Figure.

The Kentucky Transportation Cabinet (Cabinet) has established an overall disadvantaged business enterprise (DBE) goal for fiscal year 2010 (October 1, 2008 – September 30, 2010) as 7.0 percent. The Cabinet expects to meet the 7.0 percent overall goal in obtaining 2.00 percent from race/gender-neutral means and 5.00 percent participation through race/gender-conscious means on contract goals that will be established on U.S.D.O.T.-assisted contracts. The goal was calculated using the same methodology found in the Cabinets DBE program plan. Based on available data, and a phone survey of the Certified and Pre-qualified DBE's it our opinion that the goal is a reasonable projection of the availability of ready willing and able participants for fiscal year 2010. This goal and the methodology is consistent with the requirements of 49 CFR 26.45.